

84-2207

MAY 25 1984

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence
Executive DirectorFROM: Robert W. Magee
Director of PersonnelSUBJECT: Personnel Issues Related to the Erosion of
Benefits for the Federal Service

REFERENCE: DCI Memo to D/NSA, dtd 18 May 84, Same Subject

1. I share a concern that deteriorating benefits for the civil servants could impact on our ability to recruit and retain the quality people necessary in the intelligence profession. I urge, however, that we not seek a Community solution.

2. A persuasive case can be made that CIA employees are unique, not only because of their quality and performance level, which may be duplicated in other areas, but also because of the demands we place on them, which are generally not duplicated elsewhere. The trend towards homogenization of personnel in the Intelligence Community is a threat to our earned special status. While good people, particularly those in advanced technical fields, may be difficult to hire, it is not impossible. This Agency has a lot to offer beyond the payroll. Our job is to make sure that applicants understand the challenges and satisfactions of an Agency career and to offer them as high a wage as we can reasonably do. I am confident we can continue to produce the quality and quantity of Agency employees we need. Here is a recent example:

-- As you may recall, last November we mounted a massive assault on MIT. Fifteen Agency employees representing each of the Directorates went to Cambridge and gave an audience of 125 the old razzmatazz. I would have been satisfied with one new employee because our intent was basically to introduce a CIA career into the MIT mentality. As of right

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now, we have three MIT students cleared and scheduled to enter on duty this summer (one-ODP, two-OSWR), two others still in process and a couple who are interested in an Agency career after an additional year of graduate study at MIT.

-- The most interesting case, however, is the one that got away. There was a splendid applicant by the name of [redacted] whose testing and interviewing confirmed our judgment that he was just right for OD&E. We made him an offer which he regretfully declined because he got a better offer [redacted]. [redacted] We did not fold. [redacted] got directly involved and invited [redacted] back to Washington where [redacted] personally described the attractiveness of an Agency career. We also jacked up the offer [redacted]. For a few days it was a near-run thing, but after some anguish, alas, [redacted] opted to go with [redacted] which offered him a full year graduate study at MIT with a guaranteed high salary after graduation. I am sorry we lost him, but it was close enough to make me confident that this type of aggressive recruitment will, in the long run, produce as many winners as losers.

-- We did a similar assault at Stanford and while it is too soon to quote numbers, attractive candidates are moving through the process.

It is too early to reach any definitive conclusions from the MIT- and Stanford-type approaches. I am optimistic because we have a great product. The "we're special" line is attractive and produces results. Thus, I am wary of getting too involved in Community solutions which might dilute our specialness.

3. General Faurer expresses concern that we will lose our good employees to private industry. Possibly, but what about our actual separation rates for engineers? Contrary to popular belief, we have a good retention rate, better than NSA. Here's the data for FY-81, 82 and 83:

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	<u>Agency Professionals</u>	<u>Agency Engineers</u>	<u>ODE GS-14/15</u>
1981	4.7%	4.2%	3.1%
1982	4.0%	4.4%	5.0%
1983	<u>5.1%</u>	<u>1.9%</u>	<u>4.2%</u>
AVERAGE	4.6%	3.5%	4.1%

We lose some, but not many. There is a lot of anticipatory concern that we may lose more in the future but it is interesting to note, for example, that OD&E, an office with understandable concerns, has a low separation rate at the critical GS-14/15 level. This is a good place to work and generally our people know it. The "Excellence" program should make it even better.

4. In granting special authorities to the DCI in 1947, Congress accepted the unique challenges we face in recruiting and retaining highly qualified personnel. This situation has not changed and I believe there is a danger in trying to extend it to other agencies, who for the most part are elements in a larger organization. Let's not forget that other agencies in this Community enjoy privileges that we do not.

- FBI agents who work outside of Headquarters get 25% of base pay as a differential which goes also towards retirement calculations, a very tidy benefit.
- The vast majority of people in the DoD intelligence apparatus enjoy all the benefits of the uniform services.
- The Foreign Service enjoys its overseas premium pay while serving in the U.S. for up to eight years.
- DEA gets 2 1/2% towards retirement versus our 2% for CIARDS and roughly 1 3/4% for Civil Service.

We should preserve our legislative equities for those issues which directly affect the Agency, primarily, at this time, our new retirement supplemental package. During an earlier discussion with my counterpart at NSA, [redacted] she asked for my views on a Community retirement package. I told her that I did not favor it. Each agency has a complex arrangement of benefits which the agencies' managers feel best for their specific services. Trying for general solutions risks more than we might gain. She seemed to accept the logic.

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5. In sum, I favor this Agency taking actions that sensitize the Administration to the risks involved in any significant tampering with the entire Civil Service benefits package. I am generally against Intelligence Community solutions for problems which can be better handled by individual agencies. I would recommend that if a small task force is established that it be steered in such a way to produce a report expressing general concern of deterioration of our Civil Service benefits but not specifying actions for the Intelligence Community per se.

Robert W. Magee

Robert W. Magee

**cc: DDA
D/OLL**

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D/OP/RWMagee:rj (24 May 84)

DIRECTOR OF CENTRAL INTELLIGENCE

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84-428/6

18 May 1984

NOTE FOR: Director of Personnel
Director of Legislative Liaison

Let me have your thoughts on the
attached.

William J. Casey

Attachment:
Memo dtd 18 May 84
from DCI to D/NSA

The Director of Central Intelligence

Washington, D.C. 20505

18 May 1984

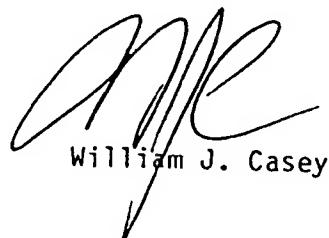
MEMORANDUM FOR: Director, National Security Agency

SUBJECT: Personnel Issues Related to the Erosion
of Benefits for the Federal Service

1. I want to thank you for your very thoughtful memorandum of 9 April about our personnel resources as they are affected by increased competition in the private sector, together with the erosion of benefits for federal service. I agree with you that this is one of the most serious problems we have and want to address it in as much depth as possible so that the Community is well armed to address this acute problem with the Administration and the Congress early next year.

2. I am sending copies of your memorandum, together with this note, to [redacted] Jim Williams, and Pete Aldridge, having in mind that we can discuss it at our next breakfast and decide how to form a small task force to dig into this issue.

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William J. Casey

cc: Director, Defense Intelligence Agency
Under Secretary of the Air Force
Director, Intelligence Community Staff

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NATIONAL SECURITY AGENCY
CENTRAL SECURITY SERVICE
FORT GEORGE G. MEADE, MARYLAND 20755

Executive Registry
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MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Personnel Issues Related to the Erosion of Benefits for the Federal Service

1. I want to reiterate my continuing concerns about the manpower issue we discussed at the Intelligence Seniors' Planning Conference this past December. I am specifically concerned about the continuing ability of the Intelligence Community, and especially NSA, to recruit and retain highly skilled professionals in the face of eroding Civil Service benefits.

2. There are three groups of people in the NSA work force who are most vulnerable to the impact of lost or reduced benefits. The first group encompasses our recently hired, young, talented engineers, computer scientists, and mathematicians. The second group is comprised of our critical-skilled people, again primarily engineers, data systems and mathematics professionals, ranging in age from their late 20's to their 40's. The third group includes our senior executives, managers, and technical specialists. These three groups represent our present and future development as an agency. A significant loss of people from any or all of these groups would impact greatly on our ability to perform our mission.

3. The first group--the young, talented scientific professionals--are our greatest hope for the future. The constantly changing high-tech developments in intelligence collection and analysis demand continuing increases in our scientific staff. Recruitment and retention of these individuals have always been difficult because of the level of competition for their services from both the public and private sectors. Through creative management techniques including expanded recruitment initiatives, compressed pre-employment processing time, special salary scales, and in-house career development programs, we have been surprisingly successful in attracting and retaining a number of these highly mobile individuals. We have increased our staff of young scientists and engineers by 26 percent over the last three years, and have been successful in keeping our attrition rate at about 5 percent. However, the trend of minimal federal pay raises and eroding federal benefits, matched against increasingly attractive benefit packages and higher pay from the private sector, may upset the delicate balance we have been striving to maintain. Further, the OPM-instigated GS-11 through GS-15 reduction plan, if imposed within the Community, would also impact significantly on these individuals. Quality GS-07 and GS-09 critical skilled people would not be attracted to or remain in employment that offered such limited growth potential.

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4. The second group--critical skilled individuals in their late 20's to their 40's--are likewise subject to the same push and pull of diminishing federal benefits and lucrative offers from private industry. It is crucial to our mission to retain as many of these individuals as possible, as they represent the backbone of technical skill and knowledge necessary to produce high quality intelligence products. Our implementation of career development programs, special salary scales, and financial incentives for linguists has kept the attrition rates of these people at an average of 4 percent. However, given the present trends, we can foresee that the attrition rate of this group could jump to as high as 10 percent--an impact that would seriously impede our ability to do our job. In addition, imposing the GS-11 through GS-15 reduction plan would make the prognosis for recruiting experienced critical skilled professionals poor. Like the GS-07 and GS-09 college recruits, highly mobile, experienced professionals will not be attracted to limited growth careers.

5. Finally, our senior executives, managers, and technical specialists--the third group--are also affected by the proposed changes in benefits. Over 40 percent of these individuals will be eligible to retire in the next two years. Given the prospect of trying to manage and motivate a demoralized, lower quality work force, many of them may opt to retire earlier than they would have done otherwise. Many of our younger talented senior executives and technical experts have highly marketable management and technical expertise that makes them especially attractive to private industry. We may therefore see an exodus to industry as well as to premature retirement. One GS-15 engineer, who resigned to accept employment in private industry, expressed it this way:

"...I would rather let the marketplace determine what my skills are worth and not Congress and a general public that in many areas perceive the Federal worker as having too many benefits anyway. ...I consider it an honor to have been an NSA employee for almost 18 years, and leave not because of conditions related to the work or fellow workers, but because of the current and what I see as the trend in Federal employment benefits and compensation."

A hastened departure of our senior staff, combined with a reduced capability to attract and retain professional and technical people, will leave us void of the manpower essential to our mission requirements. On the other hand, given the stress and "burnout" associated with a career in intelligence, a retirement system that forces our people to work until age 65 is no solution either.

6. Like many other agencies, we are involved in a struggle to replace a gradually aging work force through recruiting and retaining younger, talented, well-educated people. Unfortunately, these are the very people who are being discouraged from considering government service as a career. We must develop an aggressive strategy to maintain

the health of the Intelligence Community now and in the future. It is imperative that in the interest of national security we take every opportunity to impress upon the Administration and the Congress the urgency of keeping the intelligence service attractive and stable.



LINCOLN D. FAURER
Lieutenant General, USAF
Director, NSA/Chief, CSS